



# SOVEREIGN GOLD COMPANY LIMITED

**Sovereign Gold Company Limited**  
**ACN 145 184 667**

## Entitlement Offer Information Booklet

A non-renounceable Entitlement Offer to existing shareholders of **Sovereign Gold Company Limited** of 1 New Share at an issue price of \$0.002 each for every 1 Shares held to raise up to approximately \$793,690 before costs.

**The Entitlement Offer is not underwritten.**

### **Important notice**

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered pursuant to this document. The New Shares offered pursuant to this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional adviser.

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# Important information

## Entitlement and Acceptance Forms

A number of terms and abbreviations used in this Information Booklet have defined meanings, which are explained in the “Definitions and Glossary” at Section 6.

Money as expressed in this Information Booklet is in Australian dollars unless indicated otherwise.

## Key dates for investors

Announcement of Entitlement Offer Submit Appendix 3B to ASX Information Booklet lodged with ASX	Monday, 18 May 15
Notice of Entitlement Offer sent to Shareholders	Tuesday, 19 May 15
Trading on Ex basis	Thursday, 28 May 15
Record Date for the Entitlement Offer (7:00 pm Sydney Time)	Monday, 1 June 15
Completion of despatch of Information Booklet announced	Thursday, 4 June 15
Opening Date of Entitlement Offer	Thursday, 4 June 15
Closing Date of Entitlement Offer (5:00 pm Sydney Time)	Friday, 3 July 15
Trading on deferred settlement basis commences	Monday, 6 July 15
ASX notified of under subscriptions (no more than 3 business days after Closing Date)	Wednesday, 8 July 15
Expected date of allotment of the New Shares issued under the Entitlement Offer and the Additional Share Offer (if any)	Friday, 10 July 15
Expected date of despatch of New Shares holding statements under the Entitlement Offer and the Additional Share Offer (if any), and deferred settlement trading ends	Friday, 10 July 15
Normal trading begins	Monday, 13 July 15

*The dates set out in the above table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice. The Directors, subject to the requirements of the Listing Rules and the Corporations Act, may extend the period of the Entitlement Offer or bring forward the Closing Date at their discretion. This may have a consequential effect on the other dates. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.*

## Summary of Capital Raising

### Entitlement Offer

Number of New Shares to be issued	396,845,499
Issue Price	\$0.002
Gross proceeds (approximately)	\$793,690
Costs of Entitlement Offer *	\$60,000
Total net proceeds of the Capital Raising*(approximately)	\$733,690

\* Assumes that the Entitlement Offer is fully subscribed

### Underwriting

The Entitlement Offer is not underwritten.

### Important notice

The Entitlement Offer and the Additional Share Offer made pursuant to this Information Booklet is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Information Booklet is not a disclosure document for the purposes of Chapter 6D of the Corporations Act. The Company is offering the securities under this Information Booklet without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Information Booklet is significantly less than that required under a prospectus and Eligible Shareholders (as defined below) should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, and should consult their professional advisers before deciding whether to accept the Entitlement Offer.

This Information Booklet is dated 18 May 2015 and was lodged with ASX on that date. ASX does not take any responsibility for the contents of this Information Booklet.

Securities will only be issued on the basis of this Information Booklet in accordance with the terms set out in this Information Booklet.

As at the date of this Information Booklet, the Company has complied with:

- the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- section 674 of the Corporations Act.

The Entitlement Offer is made only to those Shareholders who are Shareholders on the Record Date and who have registered addresses in Australia, New Zealand, and only Eligible Shareholders will be offered New Shares.

### No excluded information

As at the date of this Information Booklet, the Company is not aware of any excluded information of the kind that would require disclosure in this Information Booklet pursuant to sections 708AA (8) and (9) of the Corporations Act.

### Foreign Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer or the Additional Share Offer to Shareholders who are Shareholders on the Record Date but with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**), having regard to the number of Shareholders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Entitlement Offer or the Additional Share Offer are not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand in which Shareholders may reside. The distribution of this Information Booklet in jurisdictions other than Australia and New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

In any event, the Entitlement Offer and the Additional Share Offer are only made to and may only be accepted by Eligible Shareholders. No offer is made pursuant to this document in any place in which, or to any person to whom, it would be unlawful to make such an offer.

### **New Zealand**

In making this offer to Eligible Shareholders in New Zealand, the Company is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ) by virtue of which this Information Booklet is not required to be registered in New Zealand, and the Financial Reporting (Overseas Companies) Exemption Notice (NZ) by which the Company's financial statements are not required to be filed in New Zealand. For the purpose of these Exemption Notices this Information Booklet is an 'Authorised Advertisement'.

### **No representations**

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Information Booklet. Any information or representation in connection with the Offer not contained in this Information Booklet may not be relied on as having been authorised by the Company or its officers. This Information Booklet does not provide investment advice or advice on the taxation consequences of accepting the Entitlement Offer or the Additional Share Offer. The Rights Issue, and the information in this Information Booklet, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. In particular, in considering whether or not to invest in the New Shares, it is important that you consider the risk factors summarised in Section 3 of this Information Booklet that could affect the financial performance and position of the Company in light of your investment objectives, financial situation and particular needs (including financial and tax issues), and seek investment advice from your financial or other professional advisers.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants the future performance of the Company or any return on any investment.

### **Deciding to accept the Offer**

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in Section 3 of this Information Booklet. This Information Booklet is an important document and you should read it in full before deciding whether to invest pursuant to the Entitlement Offer and the Additional Share Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website [www.sovereigngold.com.au](http://www.sovereigngold.com.au).

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**Managing Director's letter**

18 May 2015

Dear Shareholder,

On behalf of the Directors, I am pleased to invite you, as a valued Shareholder of Sovereign Gold Company Limited (**Sovereign Gold** or the **Company**), to participate in Sovereign Gold's recently announced 1 for 1 non- renounceable entitlement offer of new Sovereign Gold ordinary shares (**New Shares**) at an issue price of \$0.002 per New Share (**Entitlement Offer**).

**Capital Raising**

On 18 May 2015, Sovereign Gold announced its intention to raise approximately \$793,691.00 through:

1. the Entitlement Offer, and
2. either or both of:
  - a. an issue to Eligible Shareholders applying for any New Shares not taken up by other Eligible Shareholders pursuant to their Entitlements (**Additional Share Offer**), and
  - b. a placement of any Shortfall Shares to Professional and Sophisticated Investors, within 3 months of the close of the Entitlement Offer (the **Placement**).

The Entitlement Offer is open to all shareholders on the register as at 1 June 2015 (the **Record Date**) and with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

Under the Entitlement Offer, as Eligible Shareholders you are entitled to subscribe for the number of New Shares (**Entitlement**) set out in your personalised Entitlement and Acceptance Form enclosed with this Information Booklet.

If you take up your full Entitlement, you can also apply for additional New Shares (the **Additional New Shares**) under a Shortfall Facility (refer to Section 1.2 of this Information Booklet for more information) (the **Shortfall Facility**). The offer price for the Additional New Shares will be the Issue Price of \$0.002 per Additional New Share. Any Additional New Shares issued pursuant to the Additional Share Offer, must be allocated from that pool of New Shares that remain available for allocation, after the allocation of all Entitlements to each Eligible Shareholder who has applied for their Entitlements (**Shortfall Shares**). Related Parties of the Company and their associates who are Eligible Shareholders must not apply for, and will not be issued Additional New Shares. Further, the Company will not allocate Additional New Shares to any Eligible Shareholder to the extent that the allocation will result in that Eligible Shareholder acquiring a holding of more than 20% in the Company in such a way that breaches the Corporations Act. Please see Section 4.3 of this Information Booklet for details on how to apply for Additional New Shares.

The Entitlement Offer and the Additional Share Offer are non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Pursuant to section 708AA of the Corporations Act, Sovereign Gold is not required to prepare a prospectus for the Entitlement Offer. A summary of the key information with respect to the Entitlement Offer and the Additional Share Offer are set out in this Information Booklet. Please read the Information Booklet carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

The Placement, the Entitlement Offer, and the Additional Share Offer Facility are together referred to as the **Entitlement Offer** in this Information Booklet. However, only New Shares issued pursuant to the Entitlement Offer and the Additional Share Offer will be issued on the terms set out in this Information Booklet.

The Entitlement Offer is not going to be underwritten.

It is proposed that the funds raised from the Entitlement Offer will be applied to costs of Capital Raising, to provide working capital and to retiring debts to Bergen and Hudson.

If you are an Eligible Shareholder and you wish to accept your Entitlement pursuant to the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate application money to the Company's Share Registry before **5pm (Sydney Time)** on the Closing Date of 3 July 2015.

If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Directors, I encourage you to consider this investment opportunity and thank you for your ongoing support of Sovereign Gold.

Yours sincerely,



Simon Bird

Managing Director

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## 1. Entitlement Offer details

### 1.1 The Entitlement Offer

The Entitlement Offer is an Offer of approximately 396,845,499 New Shares at an Issue Price of \$0.002 per New Share, on the basis of 1 New Share for every 1 Share held, to raise approximately \$793,691 (before costs).

On the same date as announcing the Entitlement Offer, the Company applied to the ASX for the New Shares to be granted official quotation on the ASX. Official quotation of the New Shares is expected to occur on or about 10 July 2015.

The Entitlement Offer is an offer to Eligible Shareholders only. Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements will not trade on the ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in the Company diluted. Eligible Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in Section 3 of this Information Booklet.

### 1.2 Shortfall Shares

If any Eligible Shareholders do not take up their full Entitlement under this Offer, the New Shares that are not taken up will form the Shortfall.

Eligible Shareholders may, in addition to applying for their Entitlement, apply for Additional Shares.

The Additional Share Offer is a separate offer pursuant to this Information Booklet. The issue price of the New Shares to be issued pursuant to the Additional Share Offer is \$0.002.

Eligible Shareholders who want to apply for Additional New Shares should insert the number of Shortfall Shares that they want to apply for in the appropriate section of the Entitlement and Acceptance Form. Any Shortfall Shares that are applied for must be paid for at the same time and in the same way that the New Shares to be issued pursuant to the acceptance of Entitlements are paid for.

Notwithstanding any application received in response to the Additional Share Offer, the Directors may at their complete and absolute discretion place the Shortfall Shares with any third party.

There is no guarantee that Eligible Shareholders will receive any or all of the Additional New Shares that are applied for. It is an express term of the Additional Share Offer that Eligible Shareholders may receive no allocation of Additional New Shares applied for, and if any are allotted in response to an application under the Additional Share Offer, the relevant Eligible Shareholders must accept any such lesser number of Additional New Shares (being lesser than the number actually applied for) as are issued in response to such an application.

Ineligible Shareholders may not take up their Entitlements under the Offer, and accordingly New Shares that would otherwise have been issued to them (had they been Eligible Shareholders), do not make up part of the Shortfall.

### 1.3 Eligibility of Shareholders

The Entitlement Offer and the Additional Share Offer are being offered to all Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia or New Zealand or who are Shareholders that Sovereign Gold has otherwise determined are eligible to participate.

The Entitlement Offer and the Additional Share Offer are not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

In particular this Entitlement Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

#### 1.4 Placement

Notwithstanding any application received in response to the Additional Share Offer, the Directors may at their complete and absolute discretion place the Shortfall Shares with any third party. The Directors will attempt to place those New Shares within 3 months of the close of the Offer as required by Exception 3 to Listing Rule 7.1 and Listing Rule 7.1A, set out in Listing Rule 7.2.

In the event that there is a Shortfall in subscriptions (including any shortfall existing after taking into account applications for Additional New Shares) under the Entitlement Offer, the Board reserves the right, as contemplated within the Listing Rules, to allocate any Shortfall of New Shares in their discretion so as to ensure a maximum amount of funds are raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement and applying for Additional New Shares, hold a Relevant Interest of more than 19.99% of all of the Shares in the Company after this Entitlement Offer.

#### 1.5 Responsibility of Applicants for Additional New Shares

Section 606(1) of the Corporations Act prohibits a person from increasing their voting power in the Company:

- from 20% or below to above 20%; or
- at all if they are at a starting point of above 20% and below 90%,

unless the person falls within one of the exceptions in section 611. One of the exceptions to section 606(1) is where the increase occurs as a result of taking up entitlements under a rights issue. However, as:

- a. the Offer is not being made to Shareholders who do not have an address in either Australia or New Zealand, and
- b. the Company does not currently intend to appoint a Nominee for the purposes of section 615 (see section 1.18 below),

an increase in voting power that occurs as a result of taking up either the Offer or the Additional Share Offer, as the case may be, will not fall within that exception.

Accordingly, if you want to apply for New Shares whether under the Offer or the Additional Share Offer, it is your responsibility to ensure that if you are issued with New Shares in accordance with your Entitlement or the Additional Share Offer as the case may be, you will not be in breach of section 606(1) of the Corporations Act (whether or not that is because you may rely on one of the exceptions in section 611). If you are in any doubt as to the consequences of applying for New Shares you should seek independent legal advice.

#### 1.6 Return of Application Monies without Interest

In the event that any Application Monies paid for Additional New Shares are to be returned to the relevant Applicant it will be without interest.

**1.7 Investment risks**

Eligible Shareholders should be aware that an investment in the Company is subject to investment risks and other known and unknown risks, including possible loss of income and principal invested. A number of these risks are specific to the Company and the industry in which it operates. Some of the key risks identified by the Company are outlined in Section 3 of this Information Booklet. However, these risks should not be taken to be exhaustive of the risks faced by the Company or its Shareholders. Those risk factors referred to Section 3, and others not specifically referred to in Section 3, may materially affect the financial performance of the Company and the value of its Shares in the future.

Sovereign Gold has implemented strategies, actions, systems and safeguards for known risks. However, some risks are beyond its control. Consequently, the prevailing price or value of New Shares issued under the Entitlement Offer may be more or less than the Issue Price.

In any event, the Company does not guarantee any particular rate of return, the performance of the Company, the payment of any dividends, the repayment of capital from the Company, any price for the Company's Shares or any particular tax treatment.

**1.8 New Share terms**

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

**1.9 Underwriting**

The Entitlement Offer is not underwritten.

**1.10 Fees and commissions**

Stockbrokers or other organisations holding an Australian Financial Services Licence (**AFSL**) that lodge valid applications showing their AFSL details, which applications are accepted by the Company, may be paid a fee by the Company of up to 6% (plus GST). Payment of any such fee is subject to agreement with the Company and subject to the receipt of a valid tax invoice by the Company from the stockbroker or Australian Financial Services licensee.

**1.11 Proposed use of funds**

The Directors intend to apply the funds raised from the Entitlement Offer as follows:

<b>Proposed use of funds</b>	<b>% of total funds</b>
Retiring debt to Bergen*	Up to 50%
Retiring debt to Hudson	25%
Working capital	25%
Costs of Entitlement Offer (legal, share registry fees, ASX listing fees, and other miscellaneous costs associated with the Capital Raising)	\$60,000

\* At the date of the Offer, the Company has \$300,000 outstanding to retire the Bergen debt.

However, in the event that circumstances change or other better opportunities arise, the Directors reserve the right to vary the proposed uses of funds to maximise the benefit to Shareholders.

**1.12 Allotment and allocation**

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

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In the event that there is less than full subscription by Eligible Shareholders to their Entitlements under this Information Booklet, the Directors reserve the right to issue any Shortfall Shares at their discretion.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

Allocation of shares applied for under the Shortfall Facility will be allocated and allotted in accordance with the allocation policy set out in Section 4.3. Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made. It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

After allowing for the demands of Eligible Shareholders under the Entitlement Offer, the Directors reserve the right to place any shortfall under the Entitlement Offer within three (3) months at a price no lower than the offer price of \$0.002.

#### **1.13 ASX listing**

The Company applied for the listing and official quotation of the New Shares on the ASX on 10 July 2015. If granted, official quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Information Booklet, none of the New Shares under this Information Booklet will be issued and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

#### **1.14 CHESS**

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Information Booklet. The statement will also advise holders of their holder identification number. Further statements will be provided to holders that reflect any changes in their holding in the Company during a particular month.

#### **1.15 No rights trading**

Entitlements to New Shares pursuant to the Issue are non-renounceable and accordingly will not be traded on the ASX.

#### **1.16 Overseas Shareholders**

This Information Booklet and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside Australia or New Zealand. The distribution of this Information Booklet and the accompanying Entitlement and Acceptance Form in jurisdictions other than Australia or New Zealand may be restricted by law, and any failure to comply with those restrictions may constitute a serious violation of applicable securities laws.

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Accordingly the Company has decided that it is unreasonable to make offers under the Entitlement Offer to the Ineligible Shareholders, and accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Ineligible Shareholders.

Therefore, the Entitlement Offer and Shortfall Share Offer is being extended to all Shareholders on the Record Date with a registered address in either Australia or New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the jurisdictions outside of Australia or New Zealand in which persons may become Shareholders before the Record Date but after the date of this Information Booklet. Accordingly, the Entitlement Offer or the Shortfall Share Offer are not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Shareholders having registered addresses outside Australia or New Zealand, unless the Company subsequently decides otherwise.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia or New Zealand in which persons with a beneficial interest in the Company's Shares may reside. The distribution of this Information Booklet in jurisdictions other than Australia or New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

This Information Booklet and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia or New Zealand. No offer is made pursuant to this Information Booklet in any place in which, or to any person to whom, it would be unlawful to make such an offer.

## 2. Entitlement Offer on control of Sovereign Gold

### 2.1 Present position

At the date of this Information Booklet, the top 20 Shareholders of the Company are as follows:

Shareholder	Shares	% Issued Capital
HUDSON RESOURCES LIMITED	77,400,000	19.50
RAFFLESCO LIMITED	35,721,325	9.00
DR LEON EUGENE PRETORIUS	13,157,778	3.32
MR LONG ZHANG	11,500,000	2.90
MR JIHAD MALAEB	10,125,000	2.55
MR BRENNAN PAUL WESTWORTH	9,750,000	2.46
MR TREVOR NEIL HAY	8,927,890	2.25
INNISFREE AUSTRALIA PTY LTD	7,071,115	1.78
MR JOHN ANASSIS	6,750,000	1.70
CHIA PARK ALPACAS PTY LTD	6,750,000	1.70
DR KASSAM MAHOMED	6,325,000	1.59
MR LI REN	6,000,000	1.51
AGUS SETIAWAN & JULIAWATY TANUWIDJAJA	6,000,000	1.51
FORWARD DELTA PTY LTD <BLUE ROSE SUPER FUND A/C>	5,000,000	1.26

Shareholder	Shares	% Issued Capital
ROBERT GEORGE TACY PTY LTD <R G TACY SUPER FUND A/C>	5,000,000	1.26
MISS QIULI TAN	4,940,199	1.24
MICHAEL ROBY LEU	4,875,000	1.23
CHIA PARK ALPACAS PTY LTD <PREUSS SUPER FUND A/C>	4,475,000	1.13
MR BRUCE DENNIS	4,133,615	1.04
RUSSELL LAY	4,095,534	1.03
<b>Top 20</b>	<b>237,997,456</b>	<b>59.97</b>
Balance	158,848,043	40.03
<b>Total</b>	<b>396,845,499</b>	<b>100.00%</b>

## 2.2 Capital structure

Subject to rounding up of fractional Entitlements the capital structure of Sovereign Gold following the issue of New Shares under the Entitlement Offer (assuming full subscription under the Entitlement Offer) is expected to be as follows:

Shares on issue as at 18 May 2015 (announcement of the Entitlement Offer)	396,845,499
New Shares to be issued under the Entitlement Offer	396,845,499
Shares on issue following the close of the Entitlement Offer, the Additional Share Offer and the Placement	793,690,998

## 2.3 Potential effects of the Entitlement Offer on control

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements, the Voting Power of all Eligible Shareholders will remain the same.

However, Shareholders who do not take up all of their Entitlements will have their interest in Sovereign Gold diluted. In addition, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted, as those Shareholders are not entitled to participate in the Entitlement Offer.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Offer on the control of the Company will be minimal.

## 2.4 Director intentions

The Company's Directors have shown their support for the Entitlement Offer by indicating that they intend to subscribe for some or all of their Entitlements under the Offer.

## 3. Risk factors

### 3.1 Introduction

The activities of Sovereign Gold, as in any business, are subject to risks that may impact on its

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future performance. The future performance of Sovereign Gold and the future investment performance of the New Shares may be influenced by a range of factors. Many are outside the control of the Board and the Company. All of these of which the Company is aware have been disclosed before.

Prior to making any decision to accept the Entitlement Offer, Eligible Shareholders should carefully consider the risk factors that the Company has previously disclosed (many of which are listed below), as well as those risks of which the Eligible Shareholder is aware, or should be aware of through their own knowledge and enquiries. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions.

However, as noted above and previously, some of the risks are outside the control of Sovereign Gold and not capable of mitigation. There are also general risks associated with any investment in shares.

The risks listed below (and previously disclosed by the Company) should not be taken as exhaustive of the risks faced by Sovereign Gold. Factors other than those listed may in the future materially affect the financial performance of Sovereign Gold and the value of the New Shares. Eligible Shareholders should read this Information Booklet in its entirety and consult their stockbroker, solicitor, professional adviser, banker or accountant without delay before deciding whether to accept the Entitlement Offer.

### **3.2 General Risks**

The New Shares that are to be issued pursuant to the Entitlement Offer are speculative because of the nature of the business of the Company as a mineral exploration company. The value of shares can go up as well as down and a dividend may or may not be paid in the future, depending on the Company's operating successes. As the holding of the Company's securities can involve certain risks, Eligible Shareholders in doubt as to the course they should follow should consult their stockbroker, solicitor, professional adviser, banker or accountant without delay. A summary of the major general risks is described below:

### **3.3 Share Market Risk**

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors. The New Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX. The market price of the Company's Shares will be subject to varied and often unpredictable influences in the share market.

### **3.4 General Economic Conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. The price of commodities will also be of particular relevance to the Company. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

### **3.5 Legislative Change**

Changes in government regulations and policies in jurisdictions in which the Company has mining interests may adversely affect the financial performance or the current and proposed operations generally of the Company.

### **3.6 Unforeseen Expenses**

While Sovereign Gold is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

### 3.7 Risks Specific to an Investment in the Company

In addition to the general market and economic risks noted in Section 3.2, Eligible Shareholders should be aware of risks specific to an investment in the Company, which may include, but are not limited to the following.

- General Project Risks
- Contractual Risk
- Exploration and Commercialisation
- Operational Risk
- Tenement Risks
- Commodity Prices and Market
- Operating Risks
- Commercialisation
- Legal Title of Prospects
- Resource and Reserves Risk
- Environmental Regulation and Risks
- Native Title
- Land Access Risk
- Government Policy and Taxation
- Insurance Arrangements
- Reliance on Third Parties
- Reliance on Key Personnel
- Management Actions
- Financing and Additional Funding Requirements
- Exchange Rate Risks

## 4. How to Apply

### 4.1 Your choices as an Eligible Shareholder

The number of New Shares to which each Eligible Shareholder is entitled (**Entitlement**) is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Information Booklet.

Eligible Shareholders may:

- (a) take up their Entitlement in full (refer to Section 4.2);
- (b) take up their Entitlement in full and apply for Additional Shares (refer to section 4.3);
- (c) take up part of their Entitlement, in which case the balance of the Entitlement would lapse (refer to Section 4.4); or
- (d) allow their Entitlement to lapse (refer to Section 4.5).

Ineligible Shareholders may not take up any of their Entitlements.

Sovereign Gold reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. The Closing Date for acceptance of the Entitlement Offer is 5.00pm (Sydney Time) on 3 July 2015.

#### 4.2 Taking up your Entitlement in full

If you wish to take up your Entitlement in full, follow the instructions set out on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Section 4.7 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (Sydney Time) on 3 July 2015 at the following address:

**Computershare Investor Services Pty Ltd  
GPO Box 52,  
Melbourne VIC 3001**

Entitlement and Acceptance Forms will not be accepted at the Company's registered office. You may also take up all of your Entitlement by payment of the Application Monies through

BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (Sydney Time) on 3 July 2015.

Refund amounts, if any, will be paid in Australian dollars. You will be paid by cheque sent by ordinary post to your address as recorded on the share register.

#### 4.3 Taking up your Entitlement in full and applying for Additional Shares

If you wish to take up all of your Entitlement and also apply for Additional Shares, complete the accompanying Entitlement and Acceptance Form for New Shares and the Additional New Shares section in accordance with the instructions set out in the form and follow the other steps required in accordance with Section 4.2 above. In order to apply for Additional New Shares you must be an Eligible Shareholder and must have first taken up your Entitlement in full.

A Shortfall will exist if any Eligible Shareholder does not take up their full Entitlement. Additional New Shares applied for will only be allocated and issued if a Shortfall exists.

Allocation and allotment of any Additional New Shares applied for will be made in accordance with the following policy:

- (a) The Directors will allocate the Shortfall Shares to Eligible Shareholders who have indicated they wish to take up their Additional New Shares.
- (b) These Additional New Shares will be allocated on a pro-rata basis if there is a greater demand than available shares.
- (c) No Related Party or Eligible Shareholder associated with them will participate in the Shortfall Facility.
- (d) The Company will not allocate or issue Additional New Shares under the Shortfall Facility, where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional New Shares must consider whether or not the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.
- (e) There is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional New Shares that they apply for. The Company may reject any application for Additional New Shares or allocate fewer Additional New Shares than applied for by Applicants for Additional New Shares in accordance with the policy set out above.

#### 4.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up only a part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required in accordance with Section 4.2 above.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and the Company receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

#### 4.5 Allowing your entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement (or part of your Entitlement as the case may be) will lapse.

#### 4.6 Consequences of not taking up your Entitlement

If you do not take up all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer, may be issued by the Directors to other Eligible Shareholders pursuant to an application by them for Additional Shares, or placed by the Directors to third parties.

#### 4.7 Payment

The consideration for the New Shares is payable in full on application by a payment of \$0.002 per New Share.

- A cheque must accompany the Entitlement and Acceptance Form for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Sovereign Gold Company Limited - Rights Issue Account**' and crossed '*Not Negotiable*'.
- Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

#### 4.8 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and

- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

#### 4.9 Return of surplus Application Monies

Application Monies received but not applied towards subscriptions for Additional New Shares on a Shortfall will be refunded by cheque as soon as reasonably practicable following the allocation of Additional New Shares. No interest will be paid on Application Monies held and returned.

#### 4.10 Brokerage, handling fees and stamp duty

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Information Booklet. The amount payable on acceptance will not vary during the period of the Entitlement Offer and no further amount is payable on allotment.

Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

In the event of a Shortfall the Company may seek the assistance of licensed investment advisers to complete the issue of New Shares. In the event that a licensed investment adviser may be contracted to obtain investors, then a fee may be payable to the adviser.

### 5. Additional information

#### 5.1 Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Information Booklet is issued under Section 708AA(2)(f) of the Corporations Act. This section enables disclosing entities to issue an Information Booklet in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Information Booklet, or options to acquire such securities. Apart from formal matters, this Information Booklet need only contain information that:

- (a) is excluded information as at the date of the Information Booklet pursuant to sections 708AA (8) and (9); and
- (b) states:
  - (1) the potential effect the issue of the New Shares will have on the control of the Company; and
  - (2) the consequences of that effect.

In addition, as a result of ASIC Class Order 08/35, section 708AA(7) requires that if, after the notice required under section 708AA(2)(f) (**Cleansing Notice**) has been lodged and before the New Shares are issued (**Relevant Period**) the Company becomes aware of:

- (a) any information that would be Excluded Information for the purpose of the Cleansing Notice; or
- (b) a material change to the potential effect the issue of the relevant securities will have on the control of the Company or the consequences of that effect,

(**Additional Information**), the Company must disclose that Additional Information to the ASX as soon as practicable and before the end of the Relevant Period.

Accordingly, the Company will disclose by announcement to the ASX any Additional Information that it becomes aware of during the Relevant Period.

## 5.2 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue. The rights attaching to ownership of the New Shares are set out in the Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Information Booklet does not contain a summary of the principal rights and liabilities of holders of the New Shares.

## 5.3 Expenses of the Capital Raising

All expenses connected with the Entitlement Offer are being borne by the Company. Total expenses of the Entitlement Offer are estimated to be in the order of \$60,000 (assuming that the Entitlement Offer is fully subscribed). These expenses include, amongst other things, legal fees, brokerage fees, share registry fees and printing and postage costs.

In addition the Company may if it deems it necessary for the success of the Entitlement Offer, pay brokers' stamping fees which will be equal to a percentage of the Issue Price (including GST) of New Shares issued under either the Entitlement Offer and the Shortfall Share Offer to stockbrokers who submit a valid claim for a broker stamping fee on successful Applications.

## 5.4 Consents and disclaimers

Written consents to the issue of this Information Booklet have been given and at the time of this Information Booklet have not been withdrawn by the following parties:

**Computershare Investor Services Pty Ltd** has given and has not withdrawn its consent to be named in this Information Booklet as the Share Registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Information Booklet other than recording its name as Share Registry to the Company. It takes no responsibility for any part of the Information Booklet other than the references to its name.

**Piper Alderman** has given and has not withdrawn its consent to be named in this Information Booklet as solicitors to the Entitlement Offer in the form and context in which it is named. It takes no responsibility for any part of the Information Booklet other than references to its name.

**5.5 Directors' statement**

This Information Booklet is issued by Sovereign Gold Company Limited. Each Director has consented to the lodgement of the Information Booklet with ASX.

Signed on the date of this Information Booklet on behalf of Sovereign Gold Company Limited by:



Simon Bird  
Managing Director - Sovereign Gold Company Limited

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## 6. Definitions and Glossary

Terms and abbreviations used in this Information Booklet have the following meaning:

<b>Acceptance</b>	An acceptance of Entitlements.
<b>Additional New Share Deficit</b>	The number by which the amount of Additional New Shares applied for exceeds the number of Shortfall Shares available to be issued.
<b>Additional New Shares</b>	New Shares to be issued pursuant to the Additional Share Offer.
<b>Additional Share Offer</b>	The offer to Eligible Shareholders to subscribe for any Shortfall Share not taken up under the Entitlement Offer, pursuant to the terms set out in this Information Booklet.
<b>Applicant</b>	An Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
<b>Application</b>	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
<b>Application Monies</b>	The aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY, calculated as the Issue Price multiplied by the number of New Shares applied for.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable.
<b>Bergen</b>	Bergen Global Opportunity Fund II, LLC
<b>Board</b>	The board of Directors of the Company
<b>Business Day</b>	Has the same meaning as in the Listing Rules.
<b>Capital Raising</b>	The Entitlement Offer, the Additional Share Offer, and the Placement.
<b>CHESS</b>	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
<b>Closing Date</b>	8 July 2015, the date the Entitlement Offer closes.
<b>Company or Sovereign Gold</b>	Sovereign Gold Resources Limited ACN 145 184 667.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).

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<b>Director</b>	A director of the Company.
<b>Eligible Shareholder</b>	A Shareholder on the Record Date who has a registered address in Australia or New Zealand, or is a Shareholder that the Company has otherwise determined is eligible to participate.
<b>Entitlement</b>	The entitlement to subscribe for New Shares pursuant to the Entitlement Offer.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Information Booklet.
<b>Entitlement Offer or Offer</b>	The pro rata non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 1 Shares of which the Shareholder is the registered holder on the Record Date, at an issue price of \$0.002 per New Share pursuant to this Information Booklet.
<b>Hudson</b>	Hudson Investment Group Limited ACN 004 683 729 and any relevant wholly owned subsidiary or duly authorised nominee credit recipient.
<b>Ineligible Shareholder</b>	A Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside of either Australia or New Zealand.
<b>Information Booklet</b>	This Information Booklet dated 18 May 2015.
<b>Issue Price</b>	\$0.002 for each New Share applied for.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>New Shares</b>	Shares to be allotted and issued under the Entitlement Offer, and the Additional Share Offer.
<b>Nominee</b>	ASIC registered nominee appointed by the Company for the purposes of section 615 of the Corporations Act, and to whom the Company must issue the New Shares that would have been issued to Ineligible Shareholders if they had registered addresses on the Record Date on Australia or New Zealand.
<b>Opening Date</b>	4 June 2015, the date the Entitlement Offer opens.
<b>Placement</b>	The placement by and at the complete discretion of the Directors to third parties, of any remaining Shortfall Shares after completion of the Additional Share Offer.
<b>Professional Investor</b>	Has the meaning given to that term in the Corporations Act.
<b>Qualified Eligible Shareholders</b>	An Eligible Shareholder who is either a Sophisticated or Professional Investor.

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<b>Record Date</b>	5.00pm (Sydney Time) on 1 June 2015.
<b>Register of Members</b>	The register of members of the Company.
<b>Related Party</b>	Has the meaning given to that term in the Corporations Act.
<b>Relevant Interest</b>	Has the meaning given to that term in the Corporations Act.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd.
<b>Shareholder</b>	A holder of Shares.
<b>Shortfall Facility</b>	The facility described in Section 1.2 under which Eligible Shareholders may apply for additional New Shares in excess of their Entitlement.
<b>Shortfall or Shortfall Shares</b>	Any New Shares in respect of which the Entitlement Offer has not been accepted.
<b>Sophisticated Investor</b>	Has the meaning given to that term in the Corporations Act.
<b>Sydney Time</b>	Australian Eastern Daylight Time or Australian Eastern Standard Time in effect at the relevant time.
<b>US Securities Act</b>	The US Securities Act of 1933, as amended.
<b>Voting Power</b>	Has the meaning given to that term in the Corporations Act.

## 7. Corporate directory

### Issuer

Sovereign Gold Company Limited  
ACN 145 184 667

Level 2  
131 Macquarie Street  
Sydney NSW 2000

p: +61 2 9251 7177

f: +61 2 9251 7500

e: corporate@sovereigngold.com.au

w: www.sovereigngold.com.au

### Directors

Hon John Dawkins (Chairman)  
Simon Bird (Managing Director)

Michael Leu

Jacob Rebek

Bruce Dennis

### Lawyers

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

### Company Secretaries

Henry Kinstlinger

Julian Rockett

### Chief Financial Officer

Francis Choy

### Share Registry

The Registrar  
Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067 (Australia)

p: +61 (3) 9415 4000 or 1300 850 505

### Auditors

K.S. Black & Co  
Suite 2404 MLC Centre  
19 - 21 Martin Place  
Sydney NSW 2000

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